

Companies are continuing to feel the pressure of fickle oil prices, poor economic growth, the credit crunch and slow consumer spending on the economy. Economists predict recovery is unlikely until 2010 at the earliest. As a result, businesses are increasingly pressured to do more with less and work hard to hang onto top performers. As the economy continues to spin out of orbit, what should HR professionals expect to see in 2009?

Employment Reductions & Increased Workforce Anxiety

According to a study conducted by Dice Holdings, it is projected that two-thirds of companies will cut back on hiring within the first two quarters of 2009. Another one-third of companies see layoffs on the horizon. Areas expected to slow the most are gaming and travel industries, pharmaceuticals, technology, manufacturing and advertising. "Employment expectations are down substantially," said John Dooney, manager of strategic research for The Society for Human Resource Management.

For companies planning to reduce their work force, many are closely evaluating the salaries they pay their talent only holding onto their lowest-paid employees. In some cases, this may cause more harm than good. Production demands and service quality may be compromised with the loss of top producers and a reduced staff. In addition, those that are paid less may also be motivated less. The use of contingent staffing will be relied on more, as companies weather economic ups and downs, matching a flexible workforce with an elastic economy.

Employers must be sensitive to the employees they decide to keep on board, focusing on employee retention, especially when the need to keep top performers is essential to company survival. Employees' financial anxiety and insecurity is rising nationwide with layoffs and the slowdown in wage growth. This may result in reduced productivity and employee morale. Pro-active employers need to show their appreciation for their employees and reignite passion and excitement by challenging them to perform well in an innovative and rewarding manner.

Unemployment & Increased Employer Selectivity

Employers that are hiring are moving slower and becoming increasingly selective. Instead of three rounds of interviews there might be twice as many, as they can be choosier with rising unemployment. Competition to survive economic uncertainty is fierce and one of the most effective ways to do so will be to hire and maintain the best talent out there.

To their benefit, companies will experience a significant increase in the number of responses they receive for help wanted ads placed on job boards and in newspapers. A large share of these applications will be for under-qualified and also over-qualified candidates as the competition for jobs becomes stronger and the unemployed grow more needy for a steady paycheck. Some companies will

be overwhelmed by the replies they receive. Professional staffing companies will become increasingly popular as they assist their clients with the management of large volumes of resumes and conduct interviews and background checks on their behalf.

Companies Making the Best of the Worst of Times

Clever companies are already starting to take advantage of these slower times to strengthen their staff. The downtimes resulting from lower productivity demands will allow employers the opportunity to motivate employees and provide them with ample time to advance their learning through continued education and cross training.

In addition, employers are now looking to add low-cost incentives to retain employees such as company-wide happy hours and athletics leagues, lunches with principles/company executives, more flexible paid time off and the ability to work from home. Some employers are also hiring back retired employees on a part time basis. Seasoned professionals have a lot to offer their former employers, as they require little training and their schedules are usually flexible.

Best Practices for Recruiting in 2009

Though the job market is continuing to slow, things aren't so grim for those doing the hiring. According to the Society for Human Resources Management, for the first time in years, HR professionals are "having much less difficulty recruiting top candidates for jobs of most strategic importance in their organizations."

Moving into 2009, where should HR professionals focus their recruiting efforts? How can companies recruit new talent with caution in this time of economic uncertainty?

- 1. Carefully Evaluate Quality of Talent:** Given companies will be operating on thin margins, businesses cannot afford to waste time or money recruiting the wrong employees.
- 2. Rely on Existing Talent Pool:** Why invest precious resources in recruiting potential hires when a full talent database already exists? Companies that leverage the data in their talent management systems will save time and money.
- 3. Maximize Return on Investment:** As budgets become increasingly tighter, careful evaluation of recruiting ROI is essential. Innovative and cost effective recruiting is a must.
- 4. Minimize Time to Hire:** The increase in unemployment will cause an influx in the number of applications received for open positions. Careful management of sifting through resumes, interviewing and conducting background checks for potential hires will be critical.
- 5. Leverage Staffing Firms:** Established, professional staffing firms conduct thorough screening of candidates, save precious time and money, and provide the highest quality of talent.